The Technical Incentive Funding Model Task Force met Thursday, September 26, 2013 at the University of Washington-Tacoma Campus. Meeting attendees included:

Carol Diem, University of Washington
Jane Sherman, Washington State University
Colin Ormsby, Eastern Washington University
Marc Webster, Washington Student Achievement Council
Gene Sharratt, Washington Student Achievement Council
Melissa Beard, Education Research & Data Center, Office of Financial Management
Paul Francis, Council of Presidents
John Carmichael, The Evergreen State College
Ann Anderson, Central Washington University
Steve Vanderstaay, Western Washington University
Paula Moore, Budget Division, Office of Financial Management
Cherie Berthon, Budget Division, Office of Financial Management

Welcome
Paula Moore and Cherie Berthon opened the meeting and welcomed everyone.

Meeting Notes from September 12, 2013
Task Force members had not had enough time to review meeting notes from the September 12th meeting. Review of those notes was tabled until a later time.

Agenda
The agenda was reviewed and no substantive changes were made.

Data Definitions

A small workgroup of Task Force members (Colin Ormsby, Jane Sherman and Carol Diem) reported back on their efforts to develop common metrics and data definitions for certain student populations. After hearing from the work group, the Task Force reached consensus on the following points:

- They will define first-generation students according to the Federal TRIO (not an acronym) definition. While the Dashboard does not currently contain this data, Melissa was confident it could be added in the future –perhaps in June 2014.
- There was substantial discussion of the definition of low-income students. Currently the ERDC Dashboard flags students who are *recipients* of Pell or State Need Grant. Identifying all eligible students is much more difficult. The task force agreed to begin with a definition of low-income that syncs with the Dashboard, but would like to move to more inclusive definition over time.
- The definition of underrepresented minority needs further consideration. Melissa will send out the subcategories of race and ethnicity from the Dashboard. The Task Force did agree that they would include racial and ethnic groups who are underrepresented in the state as a whole, regardless of some variation on local campuses.

- STEM and High-Demand can be reported on jointly or broken apart. The Task Force agreed that STEM should be a subset that can be broken out of High-Demand fields. At least for initial performance models, the task force will use the fields currently included in the Dashboard.
- Members agreed the term 'underserved' would include, low-income, first-generation and underrepresented minority students.

Metric Consolidation

Colin Ormsby from EWU shared a potential list of metrics that could be used by all of the institutions. Those included:

Degree Awarded
- Percent of students enrolled (undergrad, grad, underrepresented, first-generation, and low-income)
- Number of degrees awarded (total number of degrees awarded, bachelor, graduate, underrepresented, first-generation, low-income and STEM/High Demand)
- Percent of degrees awarded (STEM, High Demand, STEM and High Demand, underrepresented, first-generation, and low-income)

Retention & Graduation Rates
- First-to-second year retention (underrepresented, first-generation, and low-income)
- Six-year graduation rates (underrepresented, first-generation, and low-income)

Groups in parenthesis represent drill-downs that would be available beneath the bulleted metrics.

The Task Force members were very appreciative of Colin's work. Melissa Beard agreed to populate the metrics with Dashboard data so everyone could get a deeper, more practical understanding of the metrics.

Performance Funding Design Discussion

Members discussed the overarching structure of a performance funding model and the pros and cons of various scenarios, including whether the model should be in statute. Task force members were in agreement that the 'size of the pipeline' or the quantity of students that can be taught in the institutions stems from base-level funding. Performance funding would best be provided through a budget proviso to each institution and removed at carry-forward if the institution is not meeting goals over time. Clearly, significant levels of change require up-front funding and the larger the amount, the more significant the change. Members also discussed the possibility of a status level (such as red, yellow or green) that allowed multiple year tracking of an institution's progress toward a goal. A 'learning year' to try out whatever model is proposed would be a prudent first step. Several members were comfortable with a three-year moving average for targets, to ensure that insignificant year-to-year fluctuations would not hurt their progress.

Members discussed the statute that requires OFM to negotiate performance plans with the institutions and challenges with that model. Members were encouraged to consider whether any existing statute could provide a framework for performance funding. The budget provisos with dedicated funds for high-demand or STEM slots were also referenced. Ideally, a model would allow the Legislature to 'buy' different outcomes from different institutions based on their strengths and challenges. Metrics related

to short-term goals such as enrollment and retention could be more heavily weighted in initial years with the ultimate goal of more degrees becoming the stronger focus at the four-year mark and beyond.

At several points, members noted that it is difficult to choose goals or targets if the level of funding is unknown; and that it's difficult to develop metrics without a clear sense of how the funding will flow through a model. Several members pointed out that the model should make higher education more transparent and accountable with yearly markers of progress.

Space Utilization

Cherie Berthon and Paula Moore briefly reviewed the Capital Budget space-utilization standard and the 1994 Higher Education Coordinating Board guidance that seemed to be the most recent recommendations and analysis available. They acknowledge having limited expertise in the area of space utilization and asked members to return to their campuses to look into the issue more carefully. Members were asked to return to the next meeting with input from their schools and the name of a potential expert who could inform recommendations for the final report.

Baseline Concepts

Cherie reviewed three possible definitions of a baseline for higher education funding. First, the authorizing proviso language was provided as a refresher. Second, maintenance-level funding in the 2014 Supplemental was offered as a potential baseline, but the current budgeted funding levels for each institution were provided as a placeholder.   Finally, the 60th percentile of funding from Global Challenge States was listed as an example of a baseline funding goal in statute.

All of the institutions needed time to explore the baseline concepts and have additional conversations with their campus leadership. They agreed to revisit the topic at the next meeting.

Public Comment

Representative Chad Magendanz addressed the Task Force. He spoke about the importance of a measuring a college graduate's earnings over time. He is part of an effort to develop a model that measures the return on investment from a college degree. He believes the ultimate goal for college graduates is a high-wage job. Members of the Task Force offered alternative perspectives and talked about areas of common interest.

Next Meeting
The Task Force will meet again on October 10th in Olympia.